Fraudsters are increasingly targeting older Americans to rob them of their hard-earned money. These scams can take many forms, so before investing even a dollar, it's important to research all investment offers as well as the person who is offering the investment. Taking the time to do your homework can save you from losing hundreds — even thousands — of your or your loved ones' savings in the long run.

SENIORS — A PRIME TARGET

Retirees have worked for decades to build their worth, whether it be in personal savings, 401(k) programs and the like — and fraudsters know it. All too often, this makes senior citizens prime marks for unscrupulous brokers who target seniors in various ways.

- Seniors are often on fixed incomes. If you or a senior loved one is worried about making ends meet on a fixed income, promises of high returns and "guaranteed" investments may sound appealing. However, don't let a fraudster's too-good-to-be-true pitch lure you into a trap. Research the investment, ask for details and double-check everything with reputable sources.

- Just because someone looks legitimate doesn't mean they are. Scam artists aren't always the slick fast-talkers that have come to be known through stereotypes. Keep in mind that they can look like your neighbor, banker, dentist or any other person in your community.

- "There's no such thing as a free lunch." Brokers will often host free lunch seminars to offer information and an opportunity to ask questions, but sometimes these seminars turn into high pressure sales pitches. Don't feel obligated to sign up for anything on the spot.

The Honorable Charlie White
Indiana Secretary of State

The Office of the Indiana Secretary of State

Securities Division

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Fraud Aimed at Seniors

www.IndianaInvestmentWatch.com

IS IT RIGHT FOR ME?

When looking over various investment options, make sure what you're signing up for is in your best interests. Dishonest brokers can press seniors into buying investments that are not in the best interests of investors simply because it could pay the broker higher commissions — not because it's the right type of investment for the investor. The products themselves are not necessarily problematic, but if the person is using the product fraudulently, the results could devastate your bottom line.

For example, with variable annuities, investors essentially enter into a contract with an insurance company with the guarantee of a minimum payment, but the rest of the income depends on a portfolio of investments. While this investment is generally legitimate, it may not be suitable for many seniors. Investors are typically locked in for around seven years and incur very high surrender charges if they try to access their money early. With medical expenses and often a fixed income, seniors may need more flexibility with their investments.

CASE EXAMPLE

Indiana resident Jason Keigley originated and closed several loans in Hendricks County under the company name 1st Place Mortgage. He was not licensed to do so. He duped his victims, mainly seniors, into believing he was a licensed, professional loan broker. In one case, he established a reverse mortgage for an elderly couple, who was later hit with foreclosure as a result of Keigley's failure to fulfill the obligations of the reverse mortgage.

VIATICAL SETTLEMENTS/ LIFE SETTLEMENTS

In a viatical settlement, an investor purchases the life insurance policy of someone who has an illness and is not expected to live very long. Life settlements are very similar except that the insured person selling the policy is not terminally ill. When the person passes away, the investor collects the death benefits. Viaticals and life settlements are risky because there is no way to know how long a person will live. If a person lives longer than expected, the investor is then stuck paying insurance premiums while losing money on the investment. Fraudsters can also create fraudulent medical records to make someone appear in graver condition than they really are, duping seniors into purchasing the viatical or life settlement on false information.

FACT

People over 60 years of age account for 30 percent of investment fraud victims, with an average loss between $12,500 and $25,000.

WHEN IN DOUBT, CHECK IT OUT

- **Ask questions.** The broker should be comfortable answering them or finding the answer for you quickly. If he or she brushes off the question, that's a red flag.
- **Hang up on unsolicited calls.**
- **Get written information.** Every investment should have details in writing.
- **Meet with a broker in person.** If this isn't possible, at least discuss the investment opportunity at length over the phone.
- **Investigate before you invest.** Visit www.IndianaInvestmentWatch.com to use the searchable database or call 1.800.223.8791 to ensure that your broker is licensed and a product is registered with the Securities Division of the Office of the Indiana Secretary of State.

FOR MORE INFORMATION

North American Securities Administrators Association
www.nasaa.org

Better Business Bureau
www.bbb.org